

(a) The Class A Note of Kinder Canada in the principal sum of \$790,117.34 and the Class B Note of Kinder Canada in the principal sum of \$9,209,857.67, both in favour of the Royal Trust Company and Royal Trust Bank of Miami, N.A. in lawful money of the United States of America, such notes to bear interest at the rate of 9% per annum, interest to be paid quarterly, and principal to be repaid over a period of 7 years at the rate of 5% of the aggregate principal amount in the initial year and 10% of such aggregate principal amount in each of the 5 succeeding years thereafter, with the unpaid principal balance to be due and payable 7 years from date, and

(b) a further promissory note in the amount of \$3,000,000.00 in lawful money of the United States of America, to be issued by Kinder Canada to Kinder-Care Learning Centers, Inc., a corporation incorporated under the laws of the State of Delaware, said note to bear interest at the rate of 10% per annum.

Provided that the said Class B Note referred to in sub-paragraph (a) hereof and the note referred to in sub-paragraph (b) hereof shall in all respects be subordinated both as to principal and interest to the bonds issued under the Original Trust Deed, and any and all payments required to keep the bonds in good standing.

3.02 Notwithstanding anything contained in the Original Trust Deed, the Company may at any time, or from time to time, refinance by way of mortgage or sell and lease back any one or all of the properties of the Company set forth in Schedule 1; provided, however, that the net cash proceeds of any such transaction shall

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